



City of Saginaw

CITY OF SAGINAW, TEXAS
REQUEST FOR PROPOSALS (RFP)
FOR
PROFESSIONAL AUDITING SERVICES

PROPOSAL DUE DATE:
MAY 23, 2019 AT 3:00 P.M.

REQUEST FOR PROPOSALS: PROFESSIONAL AUDITING SERVICES

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REQUEST FOR PROPOSALS: PROFESSIONAL AUDITING SERVICES

CITY OF SAGINAW, TEXAS
REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES
MAY 23, 2019

I. INTRODUCTION

A. General Information

The City of Saginaw (“City”) is inviting qualified firms of Certified Public Accountants (“Respondent”) to submit a proposal to conduct the annual audit of the financial statements for the two (2) fiscal years ending September 30, 2019 and 2020 with the option for three additional one-year renewals for the three subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office’s *Government Auditing Standards* (2007), the provisions of the Single Audit Act of 1984 (as amended), and the provisions of U.S. Office of Management and Budget (“OMB”) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* as well as the provisions of the Texas Public Funds Investment Act as amended. Additional requirements include examination for compliance with procedures established by City Charter, City Ordinance, or where applicable, state and federal laws or regulations.

Costs related to the preparation of a response to this RFP shall be the sole responsibility of the Respondent. There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Any inquiries concerning the request for proposals should be addressed to Kim Quin, Finance Director, at 817-230-0332 or kquin@saginawtx.org.

Deadline for receipt of proposals is 3:00 P.M., Thursday May 23, 2019. Proposals are to be submitted to:

City of Saginaw
Attn: Kim Quin
Finance Director
333 West McLeroy Blvd.
Saginaw TX 76179

A master copy (so marked) and three (3) copies of the proposal are to be returned in a sealed envelope or package bearing the name and address of the Respondent and labeled “Professional Auditing Services.”

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A master copy (so marked) and three (3) copies of the Cost of Services Schedule are to be submitted in a separate, sealed envelope attached to the technical proposal and bearing the name and address of the Respondent, and labeled "Cost of Services Schedule."

Proposals must include a statement indicating they are valid for a minimum of 120 days subsequent to the RFP closing date. Late proposals will not be considered. The Respondent will be solely responsible for ensuring the proposal is delivered by the specified deadline.

The City of Saginaw reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a three-member Proposal Review Committee ("PRC") consisting of:

Dolph Johnson	Assistant City Manager
Kim Quin	Finance Director
Lee Howell	Police Chief

A recommendation of the top firms will be made to the City Council for final selection.

During the evaluation process, the PRC and the City reserve the right, where it may serve the City of Saginaw's best interest, to request additional information or clarification from respondents, or to allow corrections of errors or omissions. At the discretion of the City of Saginaw or the PRC, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Saginaw and the firm selected.

It is anticipated the selection of a firm will be completed by June 19, 2019. Following the notification of the selected firm, it is expected a contract (Appendix A) will be executed between both parties by June 28, 2019.

B. Term of Engagement

A two-year contract is contemplated, subject to the annual review and recommendation of the Proposal Review Committee, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the concurrence of the City Council, and the annual availability of an appropriation. The City may cancel the contract should the present or future City Council fail to appropriate funds in any fiscal year for the payment of this service. No penalty shall be applicable in the event of any such non-appropriation. In the event of non-appropriation, the City shall give written notice of cancellation and the City shall not be obligated to make any payments beyond the end of the fiscal year (i.e. related to a subsequent fiscal year).

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II. DESCRIPTION OF THE GOVERNMENT

A. City Contacts

The auditor's principal contact with the City of Saginaw will be Kim Quin, Finance Director at 817-230-0332 or kquin@saginawtx.org

B. Background Information

The City of Saginaw is located in Tarrant County and was incorporated in 1949. The City is operating under a charter adopted on January, 19, 1988. The City is a home rule city operating under a Council/Manager form of government. The City Council is comprised of seven members, including the Mayor. All seven Council members are elected at large for three year staggered terms on a nonpartisan basis. The Council has the authority to enact local legislation, levy taxes, adopt budgets, determine policies, incur debt, and appoint the City Attorney, the Municipal Court Judge, and the City Manager. The City Manager reports directly to the City Council, and is responsible for the daily management of the various city departments. There are various department directors, managers, and division heads. The City's fiscal year begins on October 1st and ends on September 30th. The City is approximately 7.75 square miles and serves a population of approximately 21,730.

The City of Saginaw provides to its citizens a full range of services including: general administrative, police and fire protection, animal services, municipal court, development and code compliance services, permitting, construction and maintenance of streets and highways, park and recreational facilities, economic development, drainage, water and wastewater services, and library services. A private contractor, through a franchise agreement, provides solid waste and recycling collection and disposal services for the City.

The Finance Director is responsible for all financial accounting and reporting activities of the City. The Finance Director has overall responsibility for the following functions: general accounting and budgeting, accounts payable, accounts receivable, capital assets, tax, cash and debt management, and municipal court. The Finance Department maintains the City's accounting records at 333 W. McLeroy Blvd., Saginaw, Texas, 76179. The Director and staff will prepare the trial balances and work papers for the preparation of the financial statements for all individual funds. The Director and staff will prepare confirmations and will be available to the Auditor for the purposes of providing information, retrieving files and records, and explaining policies and procedures.

The Basic Financial Statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by GASB. In addition, the financial statements include the Saginaw Crime Control and Prevention District, a blended component unit, because it has the same governing body as the primary government and the primary government has operational responsibility.

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The City of Saginaw has a total bi-weekly payroll of approximately \$315,000 covering 161 employees. The summer months add approximately 60 employees to the payroll at an estimated bi-weekly cost of approximately \$23,500.

The City of Saginaw is organized into 11 departments. The accounting and financial reporting operations of the City of Saginaw are centralized. However, the cash receipts function of the City is decentralized. Collections are handled at multiple locations throughout the City.

C. Fund Structure

The City of Saginaw uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Groups</u>	<u># of Funds</u>	<u># Funds w/Adopted Budgets</u>
General Fund	1	1
Special Revenue Funds	6	5
Debt Service Funds	1	1
Capital Projects Funds	1	1
Enterprise Funds	1	1

The City may, during the contract period, create additional funds deemed necessary to properly record and report financial transactions, while some existing funds may be deemed no longer necessary during the contract period. Use of the latter will be discontinued when all financial transactions have been posted, audited, and reported.

D. Budgetary Basis

The City prepares its annual operating budgets on a cash basis which requires certain reclassification entries at year end to convert to a generally accepted accounting principles basis.

E. Federal and State Financial Assistance

During the previous fiscal year, the City received less than \$27,000 in Federal and State Awards of financial assistance. As such, no Single Audit Report was required.

F. Pension Plans

The City participates in the Texas Municipal Retirement System, a joint contributory, defined contribution plan. Employee contributions are currently 7% of earnings with the City matching employee contributions at a 2:1 rate. Actuarial services for this plan are provided by the Texas Municipal Retirement System.

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G. Component Units

The City of Saginaw has identified the Saginaw Crime Control and Prevention District as a blended component unit of the City and should be included in the City's financial statements.

H. Magnitude of Finance Operations

The Finance Department is directed by Kim Quin and consists of 8 employees. The Management Analyst position is shared with the City Secretary's office. The position spends 50% of her time on finance activities. The principal functions performed and the numbers of employees assigned to each are as follows:

<u>Function</u>	<u># of Employees</u>
Accounting and Administration	1.5
Accounts Payable	1.0
Municipal Court	2.0
Utility Billing	3.0

I. Computer System

<u>Make</u>	<u>Software</u>	<u>Major Applications</u>
Windows Based Server	STW	Financial Systems: General Ledger Budget Accounts Payable Payroll Utility Billing Capital Assets Cash Receipts Municipal Court
	Utility Data Systems	
PCs	Microsoft Office	Excel Word PowerPoint Outlook

J. Availability of Prior Audit Reports and Working Papers

Interested respondents wishing to review the City's most recent financial statement may find a copy on the City's website at ci.saginaw.tx.us. The City will use its best efforts to make prior audit reports, supporting working papers, and other requested documents available to respondents to aid their response to this request for proposals. Further inquiries should be made to Kim Quin, Finance Director, at kquin@saginawtx.org.

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III. NATURE OF SERVICES REQUIRED

A. General

The City of Saginaw (“City”) is inviting qualified firms of Certified Public Accountants (“Respondent”) to submit a proposal to conduct the annual audit of the financial statements for the two (2) fiscal years ending September 30, 2019 and 2020, with the option for three additional one-year renewals for the three subsequent fiscal years. These audits are to be performed in accordance with the provisions contained herein.

B. Scope of Work to be Performed

The City desires the selected Respondent (“Auditor”) express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles (“GAAP”). The City also desires the Auditor express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with GAAP. The Auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the Auditor is to provide an “in-relation-to” opinion on the supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the individual and fund financial statements and schedules. The Auditor is not required to audit the introductory section of the report or the statistical section of the report; however, both of these sections shall be reviewed by the Auditor.

Auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards (“GAAS”).

The Auditor shall also review the City’s investment practices and Investment Policy to ensure compliance with both the policy and the Public Funds Investment Act.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with GAAS as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office’s *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1984 (as amended in 1996), and the provisions of U.S. Office of Management and Budget (“OMB”) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* as well as the provisions of the Texas Public Funds Investment Act as amended. Additional requirements include examination for compliance with procedures established by City Charter, City Ordinance, or where applicable, state and federal laws or regulations.

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D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the Auditor shall prepare and issue all reports currently required by State and Federal grantors, American Institute of Certified Public Accountants, Governmental Accounting Standards Board, Government Finance Officers Association of the United States and Canada, and other regulatory agencies. The Auditor shall likewise issue any other reports subsequently required by these or similar entities following completion of the financial audit. These reports include, but are not limited to:

- A report on the fair presentation of the general-purpose financial statements and the combining and individual fund statements in conformity with generally accepted accounting principles.
- A report on the internal control structure based on the Auditor's understanding thereof and assessment of control risk.
- A report on compliance with applicable laws and regulations, including those related to major and non-major federal and state financial assistance.
- An informal report detailing required adjusting entries and reclassification entries will be provided to staff. This report shall take into consideration the government-wide entries made in the general ledger and include any additional entries necessary to properly state the GWFS.

In the required report on compliance, internal controls, and operating procedures, the Auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the Auditor shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal controls.

Irregularities and illegal acts. Auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Manager and Finance Director.

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Reporting to the City Council. Auditor shall ensure that the City Council of Saginaw is informed of each of the following:

- The Auditor's responsibilities under generally accepted auditing standards,
- Significant accounting policies,
- Management judgments and accounting estimates,
- Significant audit adjustments,
- Other information in documents containing audited financial statements,
- Disagreements with management,
- Management consultation with other accountants,
- Major issues discussed with management prior to retention, and
- Difficulties encountered in performing the audit.

E. Special Considerations

1. The City will submit its comprehensive annual financial report ("CAFR") to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting Program. Special assistance from the selected audit firm may be required for the City of Saginaw to meet the requirements of that program.
2. The City currently anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain the general purpose financial statements and the Auditor's report thereon. The Auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the Auditor and any necessary "comfort letters."
3. The reports on the internal control structure and operating procedures and compliance are not to be included in the comprehensive annual financial report, but are to be issued separately.
4. The City may require the Auditor's assistance with interpretation of and compliance with upcoming GASB Statements.
5. From time to time, the Auditor will be asked to provide guidance concerning proper accounting procedures.
6. The Auditor shall agree to provide the City with information relating to regulation changes that would affect the City and its operation such as timely notifications of changes proposed or initiated by GASB, FASB, or GOA.

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F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the Auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The Auditor will be required to make working papers available, upon request, to the City or their designees. Copies of working papers will be provided to the City on an annual basis. If the Auditor can not provide copies, the original working papers will be made available to City staff for copying purposes.

In addition, the firm shall respond to the reasonable inquiries of successor Auditors and allow successor Auditors to review working papers relating to matters of continuing accounting significance.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following list contains key dates up to and including the date proposals are due to be submitted:

- Request for proposals issued May 8
- Deadline for questions May 17
- Due date for proposals May 23

B. Notification and Contract Dates

- City Council award of contract June 18
- Notification of selected firm June 19
- Contract date June 19-23

C. Date Audit May Commence

Interim work for the 2019 fiscal year may be completed in the months of July or August. The audit for fiscal year 2019 may begin after November 30, 2019. The audit fieldwork shall be substantially complete by December 20, 2019. Any deviation from this schedule is to be noted by the audit firm in the response to the request for proposals.

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D. Important Dates for the 2019 Fiscal Year Audit

Each of the following shall be completed by the Auditor no later than the dates indicated. Any deviations from the dates shown are to be noted by the audit firm in the response to the request for proposals.

1. Detailed audit plan

The Auditor shall provide the City with a detailed audit plan by the conclusion of interim work. A list of all schedules to be prepared by City staff shall be submitted no later than September 1, 2019.

2. Draft financial reports

The Auditor will be responsible for preparing the Comprehensive Annual Financial Report ("CAFR"). The first draft of the CAFR including the associated notes is due to City staff no later than January 17, 2020.

City staff will complete the transmittal letter, MD&A, and statistical section by January 31, 2020.

Subsequent corrections to the CAFR must be submitted to City staff for review as expeditiously as possible in order to meet the scheduled delivery date of the final report as noted below.

3. Final reports

The final printed copies of the CAFR are due in the City Finance Office by February 11, 2020. The Auditor will be responsible for printing and binding said report. The City will require 20 copies of the final, printed report.

The Auditor will be required to make a presentation to the City Council on February 18, 2020. A similar presentation will be required each year the audit contract is in effect.

The City may publish any or all such reports on the City's web site for access by interested parties. As such, electronic copies of said reports shall be provided to the City for such publication.

Any deviation from this schedule is to be noted by the audit firm in the response to the request for proposals.

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E. Entrance/Exit Conferences and Progress Reporting

1. Interim Work

Entrance conference with Finance Director – on or before the first day of interim work. The purpose of this meeting will be to discuss previous audits, the interim work to be performed and establish audit liaison.

Progress conference with Finance Director – on the last day of interim work. The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested.

2. Audit Fieldwork

Entrance conference with Finance Director - on December 2, 2019. The purpose of this meeting will be to discuss the progress on the year end work being performed and discuss all items and schedules provided by City staff.

Exit conference with Finance Director – no later than December 20, 2019. The purpose of this meeting will be to summarize the results of the fieldwork and review significant findings.

Prior to issuance of the financial statements, Auditor will meet with the City Manager to discuss the audit, any findings or concerns, and any other relevant information.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. City staff will prepare audit confirmation letters requested by Auditor.

B. Information Technology Assistance

Information technology personnel will be available to provide systems documentation and explanations. The Auditor will not be provided access to the City's computer hardware or software. However, the City's general ledger account balances will be provided electronically. Typically, this information has been available in Microsoft Excel format.

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C. Statements and Schedules to be Prepared by City Staff

City staff will provide the following information, schedules, and reports to the Auditor:

- General ledger detail of year-to-date activity for all or selected accounts as requested by Auditor
- Year-to-date Summary Trial Balance for each fund
- Budget Reports, both adopted and revised
- Other statements and schedules as requested by the audit firm. See Appendix B for list of items prepared for past audits.

D. Work Area and Available Equipment

The City will provide the Auditor with reasonable work space, tables, and chairs. Access to a telephone line, photocopying facilities, and a fax machine will also be provided.

E. Report Preparation

Preparation of statements, schedules, notes, and other narrative included in the Comprehensive Annual Financial Report will be the responsibility of the Auditor, with the assistance of city staff. City staff will prepare the transmittal letter, the MD&A, and statistical section for inclusion in the CAFR. The Auditor will review these documents and propose changes as necessary. Staff will review the report and propose corrections as necessary. Staff review shall include verification of calculations and partial presentations of audited figures reflected in the report narrative. Auditor will be responsible for printing and binding final document. Auditor will provide an electronic copy of the CAFR in pdf format for posting on the City's web site. The file must be unprotected to allow City staff to add bookmarks to the file and to allow for breaking the report into sections to facilitate internet access and the download process.

Auditor will be responsible for preparation, printing, and issuance of other required reports to the City Council. The City will not provide any supplies used in the preparation of these reports.

VI. Proposal Requirements

A. General Requirements

1. Inquiries

Inquiries concerning the Request for Proposals for Professional Auditing Services shall be e-mailed to Kim Quin, Finance Director at kquin@saginawtx.org.

CONTACT WITH ANY OTHER CITY PERSONNEL REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

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2. Submission of Proposals

The following material is required to be received by 3:00 p.m., May 23, 2019 for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and three (3) copies to include the following:
 - i. Title Page
 - ii. Table of Contents
 - iii. Transmittal Letter
 - iv. Detailed Proposal
 - v. If applicable, executed copy of the Certificate of Corporate Bidder attached to the request for proposals in Appendix C.
 - vi. Executed copies of the Proposer Guarantees and Proposer Warranties, attached to this request for proposals in Appendices D and E.

The Technical Proposal shall be submitted in a sealed envelope or package marked as follows:

FIRM NAME
TECHNICAL PROPOSAL
PROPOSAL FOR CITY OF SAGINAW
PROFESSIONAL AUDITING SERVICES

- b. The proposer shall submit an original and three (3) copies of a dollar cost bid in a separate sealed envelope attached to the Technical Proposal marked as follows:

FIRM NAME
SEALED DOLLAR COST BID
PROPOSAL FOR CITY OF SAGINAW
PROFESSIONAL AUDITING SERVICES

- c. Proposer should send the completed proposal consisting of the two separate envelopes or packages to the following address:

City of Saginaw
Attn: Kim Quin
Finance Director
333 W. McLeroy Blvd
Saginaw, TX 76179

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B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of the proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE MUST BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The technical proposal shall address all the points outlined in the request for proposals, excluding any cost information which should be included only in the sealed dollar cost bid. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, item numbers 2 through 11, must be included as they represent the criteria against which the proposal will be evaluated.

2. Independence

The firm shall provide an affirmative statement that it is independent of the City of Saginaw as defined by generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards* (Revised, July 2007).

The firm shall also provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards.

The firm shall also list and describe the firm's professional relationships involving the City or any of its agencies or component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships that could compromise independence entered into during the period of this agreement.

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3. License to Practice in Texas

An affirmative statement shall be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Texas.

4. Firm Qualifications and Experience

The proposal shall state the professional staffing size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and professional background of professional staff to be employed on this engagement on a full-time basis as well as the number and professional background of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific governmental agency engagements.

The firm shall also provide information on the results of any federal or state desk review or field review of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory, and Staff Qualifications and Experience

The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement and indicate whether each person is licensed to practice as a certified public accountant in Texas. The firm should provide information on the governmental auditing experience of each person, including information on relevant continuing education for the past three (3) years and memberships in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm should also indicate how the quality of the staff over the term of the engagement will be assured.

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Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided the replacements have substantially the same or better qualifications or experience.

6. Accessibility of Partners and Managers

Describe commitments that respondent will make with respect to accessibility of the partners and managers assigned to the City's engagement to the City's senior officers and key financial employees.

Additional Services: The City may, from time to time, require management advisory services and auditing services beyond the scope of the annual audit. Describe the firm's expertise both locally and nationally in each of the following:

- EDP Auditing
- System Implementation Assistance
- Cost of Service
- Special Purpose Audits
- Executive Search
- Cost Accounting Systems
- Other

In addition, the firm should answer the following questions: how will fees for the above services be calculated; will the City receive any discount from the firm's standard rates, and if so, how much?

7. Prior Engagements with the City of Saginaw

The firm shall list separately all engagements within the last five years, ranked on the basis of total staff hours, for the City of Saginaw by type of engagement (i.e. audit, management advisory services, special studies, etc.). For each engagement, the firm should indicate the scope of the work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

REQUEST FOR PROPOSALS: PROFESSIONAL AUDITING SERVICES

8. Similar Engagements with Other Governmental Entities

For the firm's office that will be assigned responsibility for the City's audit, list the most significant engagements (maximum of five (5)) performed in the last five (5) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. The scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact must be included.

9. Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Section II of this request for proposals. In developing the work plan, references should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers are required to provide all of the following information on audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent of the use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the City's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purpose of tests of compliance

10. Identification of Anticipated/Potential Audit Problems

The proposer shall identify and describe any anticipated potential audit problems, the firm's approach to resolving these types of problems, and any special assistance that will be requested from the City of Saginaw and its staff.

11. Report Format

The proposer should include sample formats for required reports.

NO DOLLAR COSTS FOR THIS ENGAGEMENT SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

REQUEST FOR PROPOSALS: PROFESSIONAL AUDITING SERVICES

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs. The City will not reimburse Auditor for out-of-pocket expenses.

The first page of the sealed dollar cost bid shall include the following information:

- a. Name of firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Saginaw
- c. A total all-inclusive maximum price by year for the financial audit and printing of the comprehensive annual financial report of the City of Saginaw for the two fiscal years ending September 30, 2019, and 2020 (Appendix H)
- d. Method to be employed to calculate future year audit costs (i.e. for the three one-year extension options)

The City will not be responsible for expenses incurred in the preparation and submission of the response to this request for proposals. Such costs should not be included in the proposal.

2. Rates by Staffing Level and Number of Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in Appendix F, part 2 that supports the total all-inclusive maximum price.

3. Rates for Additional Professional Services

If it should become necessary for the City to request the Auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued to management on this engagement, then such additional work shall be preformed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

REQUEST FOR PROPOSALS: PROFESSIONAL AUDITING SERVICES

4. Manner of Payment

Progress payments will be made based on the hours of work completed during the course of the engagement in accordance with the firm's sealed dollar cost bid. Interim billing statements shall cover a period of not less than one calendar month. Billings must include detail reflecting hours worked by staffing levels and estimated hours to completion. An example of data to be included with the billings is included in Appendix G. **Invoices received without this information will be returned unpaid.**

VII. EVALUATION PROCEDURES

A. Proposal Review Committee

Proposals submitted will be evaluated by a three-member Proposal Review Committee ("PRC") selected by the City of Saginaw, consisting of the Assistant City Manager, the Police Chief, and the Finance Director.

B. Review of Proposals

The PRC will use a point formula during the review process to score proposals. Each member of the PRC will first score each technical proposal by each of the criteria described in Section VII C, *infra*. The full PRC will then convene to review and discuss their individual evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest all-inclusive maximum prices. Appropriate fractional scores will be assigned to the remaining proposers' dollar cost bids.

The City of Saginaw reserves the right to retain all proposals submitted and use any idea in any proposal regardless of whether that proposal is selected.

REQUEST FOR PROPOSALS: PROFESSIONAL AUDITING SERVICES

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The firm is independent and licensed to practice in Texas
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the City
- c. The audit firm's professional personnel have received adequate continuing professional education within the last three (3) years
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work
- e. The firm adheres to the instructions in this request for proposals for preparing and submitting the proposal

2. Technical Qualifications

- a. Expertise and experience
 - i. The firm's past experience and performance on comparable governmental engagements as determined in part from client reference responses
 - ii. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
 - iii. The firm's Computer expertise
- b. Audit approach
 - i. Adequacy of proposed staffing plan for the various segments of the engagement
 - ii. Adequacy of sampling techniques
 - iii. Adequacy of analytical procedures

REQUEST FOR PROPOSALS: PROFESSIONAL AUDITING SERVICES

3. Ability to meet stated deadlines
 - a. Ability to meet fieldwork schedule or provide an acceptable alternative
 - b. Ability to meet on-site audit dates or provide an acceptable alternative
 - c. Ability to meet final report delivery date, or provide an acceptable alternative.
4. Price

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.

D. Oral Presentations

During the evaluation process, the PRC may, at its discretion, request any number of or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the PRC may have on a firm's proposal. Not all firms submitting proposals may be asked to make such oral presentations.

E. Final Selection

The City of Saginaw will select a firm based upon the recommendation of the PRC and approved by the City Council. It is anticipated that a firm will be selected on June 18, 2019. Following notification of the firm selected, it is expected a contract will be executed between both parties no later than June 23, 2019.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the selected firm.

The City of Saginaw reserves the right without prejudice to reject any or all proposals.

APPENDIX A: CONTRACT FOR AUDITING SERVICES

CITY OF SAGINAW

CONTRACT FOR PROFESSIONAL AUDITING SERVICES

This contract is made and entered into this _____ day of _____ 20__ by and between the City of Saginaw, Texas, a municipal corporation in Tarrant County, Texas (hereinafter referred to as the “City”), and _____ (hereinafter referred to as the “Auditor”).

W I T N E S S E T H

WHEREAS, the City is a municipal corporation of the State of Texas, located at City Hall, 333 W. McLeroy Boulevard, Saginaw, Texas 76179, wherein the books and records of said City are kept, and

WHEREAS, the Auditor is a Certified Public Accountant, duly licensed in said capacity in the State of Texas, having paid all fees pursuant to such licensing, and the City being willing to employ Auditor on the terms and conditions hereinafter set forth, the parties agree as follows:

Terms and Conditions

1. The Request for Proposals for Professional Auditing Services dated May____, 2019 is incorporated into this agreement and all conditions and requirements of the Request for Proposals are hereinafter considered to be part of this agreement.

The initial contract shall be for a term of two years with three one-year renewal options. At the completion of each contract year, the Evaluation Committee will perform a review of the Auditor’s performance. Acceptable performance reviews of the Auditor by the City will be necessary to continue auditing services the following fiscal year.

2. The fees for audit services shall be:

<u>Fiscal Year</u>	<u>Financial Audit total not to exceed</u>
2019	\$ _____
2020	\$ _____
Totals	\$ _____

APPENDIX A: CONTRACT FOR AUDITING SERVICES

3. While the objective of the examination is the expression of an unmodified opinion on the fair presentation of the financial statements of the City, it is understood that an opinion may have to be modified or denied as the facts or circumstances dictate.

The City has the responsibility for the proper recording of transactions in the books of account, for the safeguarding of assets, and for the substantial accuracy of the financial statements. Such are the representations of the City. In addition, it is understood that the examination is not primarily designed and cannot be relied upon to disclose defalcations and other similar irregularities, although their discovery may result. If irregularities are discovered, Auditor will report such irregularities to the City Manager and Finance Director.

4. City agrees to make progress payments on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of no less than one calendar month. Interim billings must include detail, which reflects hours worked by staffing levels and the remaining estimated hours to completion. Invoices received without this information will be returned unpaid.
5. Auditor agrees that it will not at any time, either directly or indirectly, disclose or communicate to any person, firm, or corporation in any manner whatsoever any information of any kind or description concerning any matters affecting or relating to the business of the City whether or not any or all such matters would otherwise be deemed confidential material, unless otherwise pursuant to law or so directed by the City.
6. This contract may be modified or amended by mutual agreement of the parties. No waiver, modification, or amendment of any term, condition, or provision of this contract will be valid, or of any force or effect, unless made in writing and signed by the parties hereto.
7. A failure by the City to initiate action as to any breach shall not be deemed as a waiver of that right of action and all such initiated rights of action shall be cumulative.
8. This contract shall be governed by and construed and enforced in accordance with the laws of the State of Texas.
9. This contract shall be deemed to have been made and performed in Tarrant County, Texas. For purposes of venue, all suits or causes of action arising out of this contract shall be brought in the courts of Tarrant County, Texas.
10. It is agreed between the City and the Auditor that the contract shall be executed in an original and two (2) copies, any one of which may be used for any purposes for which the original may be used.
11. It is the intent of the parties that nothing contained herein shall be interpreted to assign to Auditor any status under this Agreement other than that of an independent contractor.
12. Auditor covenants that to the best of its knowledge, neither it nor any of its partners or employees presently has any interest and shall not acquire any interest, direct or indirect, financial or otherwise, in any matters subject to audit by the City or that would conflict in any

APPENDIX A: CONTRACT FOR AUDITING SERVICES

manner or degree with the performance of services under this Agreement and that none of its partners are employees of the City, and that no one employed by the Auditor and no one who has or will have any financial interest under this Agreement is an officer or employee of the City.

13. No discrimination because of race, color, sex, age, handicap, national origin, ancestry, or religion shall be made in the employment of persons performing services under this contract. Auditor covenants that it will comply with all nondiscrimination provisions of applicable federal law or executive order in the performance of this Agreement.

14. Indemnification Agreement

As between the City and Auditor, the Auditor shall assume responsibility and liability only for any damage, loss, or injury caused by or resulting from the negligent acts of the Auditor, or any of its officers, agents, servants, or employees, arising from the performance of work under this Agreement. The Auditor shall indemnify and hold harmless the City and all of its officers, agents, servants, or employees from and against any and such claims, loss, damage, charge, or expense to which they or any of them may reasonably be put or subjected by reason of any such negligent acts, but only if an adjudication of negligence is made against the Auditor. The Auditor expressly agrees to provide professional time, at no additional fee, required in the defense against any claim brought or actions filed against the City, where such claim or action arises from the negligent acts, but only if an adjudication of negligence is made against the Auditor.

15. Insurance

The Auditor certifies, and will provide insurance certificate with the signed contract, that it carries the following types of insurance:

- A. Statutory workers' compensation insurance or proof that such coverage is not required to be provided by Auditor under State law.
 - B. Professional liability insurance on the contractual services in this contract with minimum limit of \$1,000,000 per occurrence and \$2,000,000 aggregate.
 - C. Comprehensive liability insurance covering all operations and automobiles with a minimum limit of \$1,000,000 per occurrence and \$2,000,000 aggregate.
 - D. Umbrella or excess coverage cannot be used to reach the limits stated in B and C.
16. Because this contract is one for professional services, it cannot be transferred, assigned, or sublet without the prior written approval of the City.
 17. This document contains the entire agreement between the parties and shall not be altered, varied, or modified unless made in writing and signed by the parties hereto. There are no understandings, representations, or agreements, written or oral, not incorporated herein. The terms of the engagement will also be confirmed in the annual engagement letter.
 18. For purposes of this Agreement, any notices required to be sent to the parties hereof shall be mailed to the following respective addresses:

APPENDIX A: CONTRACT FOR AUDITING SERVICES

AUDITOR

CITY

City of Saginaw

Attn: Kim Quin

333 W. McLeroy Blvd.

Saginaw, Texas 76179

IN WITNESS WHEREOF, the parties have made and executed this Agreement the day and year written above.

AUDITOR:

CITY OF SAGINAW, TEXAS:

Partner

Todd Flippo, Mayor

Witness:

Attest:

Signature

Bryn Meredith, City Attorney

Name (typed or printed)

APPENDIX B: PRIOR YEAR ITEMS PROVIDED TO AUDITOR

General

- Finalized TB
- Export of budget by object code from GL software

Cash

- All September bank reconciliations including detail of O/S checks and DIT
- All October bank and investment statements.

Receivables

- W/S
 - W/S Aging as of 9/30/2018
 - W/S Aging as of 10/31/2018
 - "October Billing Summary by Service" report for Cycles 1&2 (to support accrual amount)
 - Detail of accounts written off after year-end related to time prior (if any)
- Warrants
 - Detail of all warrants outstanding from 10/1/99 - 9/30/2018
 - "New Warrants Issued" report from 10/1/2017 - 9/30/2018
- Property Tax
 - Year-To-Date Summary Part C from TC Tax Office
 - Ordinance approving property tax rate (if changed from PY)
 - Calculation of allowance on property taxes
- Other
 - Any change in the allocation of sales tax fund (between street maintenance and general funds)?
 - Calculation of the estimate for sales tax accrual

PPE (need information for both Governmental and Business-Type Funds where available)

- Roll forward of PPE by category (land, equipment, etc.)
- Depreciation schedules
- Detail of all additions (including CIP projects completed)
- Detail of all disposals (including cash received)
- Detail of all CIP accounts
- GL Detail for all Repair and Maintenance accounts
- Schedule showing all construction contracts open, and the amount remaining on each, and the amount of retainage withheld on each
- Auctioneers settlement report for all assets sold in CY
- Detail for all developer contributions

Accounts Payable

- AP detail that ties (or reconciles) to the TB
- Check register from 10/1/2018 - 11/10/2018

APPENDIX B: PRIOR YEAR ITEMS PROVIDED TO AUDITOR

Accruals

- "W&S Deposits by Route" report as of 9/30/2018
- Sales tax return for September 2018 (paid in October 2018)
- Court cost payment for the quarter ended September 2018 (paid October 2018)
- Payment made to garbage contractor for September collections
- Payroll register for last payroll PAID prior to 9/30/18
- Payroll register for first payroll PAID after 9/30/18
- Payroll register for incentive pay for quarter ended 9/30/18 (if any)
- Number of employees per department at 9/30/2018
- Average pay increase from 9/30/16 - 9/30/18
- Detail of all new hires during the 2018 FY
- TMRS disclosures for 2017 (letter dated May/June 2018)
- Roll forward of NPO for 2018
- "TMRS Summary of Monthly Payroll Report"
- Any change in health insurance rates?
- Any significant changes in the plan in which EE enrolled (switching to lower tier insurance)?
- "Employee Benefits Summary" for 9/30/17 (showing vacation balances by fund)
- Updated listing of Potential OPEB Liability (detail calculating maximum potential post-retirement insurance)

Debt

- Debt Service Models (spiral with amortization schedules)
- Copies of any new debt agreements
- Copies of any new capital leases (if any)
- Debt roll forward (for governmental and WS)
- Capital lease roll forward(if any)
- Unspent bond funds for each bond outstanding

Fund Balance

- Schedule of fund balance classifications

Operating Transfers

- Small description of all transfers made (for FS disclosure purposes)

Revenues

- Breakout of Grant Assistance by grant
- Tarrant County Reimbursement requests (and related payments) for the entire fiscal year
- Detail of franchise fee by customer
- Any change in sewer surcharge calculation in CY?
- Amount of new sewer surcharge customers in 2018 FY
- W/S:
 - Annual Consumption Summary from City of Fort Worth (on September 2018 bill)
 - Ordinances approving the water and sewer rates for the 2018 FY
 - All Monthly UB Billing Summaries (showing total sewer billed)

APPENDIX B: PRIOR YEAR ITEMS PROVIDED TO AUDITOR

- Court Fees
 - Monthly Violation Activity Statistics Report
- Permits
 - "Building Permits-Valuation" report
- Rec Center

Breakdown of rec revenues. Report titled "Recreation Department Summary"

- Tap Fees
 - Any rate change in taps?
 - Sewer and Water tap schedules.
- Impact Fees
 - Any rate change in impact fees?
 - Sewer and water impact fee per month schedules.
- Drainage
 - Any change in rates?
 - "Recap by Rate for Service and Period" report for September 2018

Expenditures

- Budget book for the 2017-18 budget
- All legal invoices paid during the year
- September 2018 invoice for water and all 12 months invoices for sewer from City of FW

APPENDIX C: CERTIFICATE OF CORPORATE BIDDER

CERTIFICATE OF CORPORATE BIDDER

I, _____, certify that I
am _____(title) of the corporation named as
Proposer/Respondent herein; that _____, who signed this
bid/proposal on behalf of the proposer/respondent, was then
_____(title) of said corporation; that said bid/proposal was
duly signed for and on behalf of said corporation by authority of its governing body and is within the
scope of its corporate powers.

Signature of Officer

Title of Officer

(Corporate Seal)

APPENDIX D: PROPOSER GUARANTEES

PROPOSER GUARANTEES

- I. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section III, Nature of Services Required.
- II. The proposer agrees to be bound by the contractual requirements delineated in Appendix A, Contract for Auditing Services.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX E: PROPOSER WARRANTIES

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- B. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express written permission of the City of Saginaw.
- C. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:_____

Name (typed):_____

Title:_____

Firm:_____

Date:_____

APPENDIX F: PROFESSIONAL FEES

Part 1, Page 1 of 1

<i>Bid Summary Sheet</i>			
Summary Schedule of Professional Fees For Auditing Services and CAFR preparation Relating to the Fiscal Years Ending September 30, 2019 & 2020			
Description	Total Cost FY Ending 09/30/2019	Total Cost FY Ending 09/30/2020	
Financial Audit	\$-	\$-	

APPENDIX F: PROFESSIONAL FEES
Part 2, Page 1 of 1

Financial Audit and Report Issuance			
Schedule of Professional Fees For Financial Statement Audit Services and CAFR preparation Relating to the Fiscal Years Ending September 30, 2019 & 2020			
Description	Total Hours	Quoted Hourly Rate	Total All-Inclusive Cost
Fiscal Year Ending September 30, 2019			
Partners	-	\$-	\$-
Managers	-	-	-
Supervisory	-	-	-
Staff	-	-	-
Report Printing	-	-	-
Other (specify)	-	-	-
Annual Totals	-		\$-
Fiscal Year Ending September 30, 2020			
Partners	-	\$-	\$-
Managers	-	-	-
Supervisory	-	-	-
Staff	-	-	-
Report Printing	-	-	-
Other (specify)	-	-	-
Annual Totals	-		\$-

APPENDIX G: SAMPLE BILLING STATEMENT

Sample Billing Statement *Level of Detail Required for Payment*

Financial Statement Audit for the Year Ending 9/30/2019

Description	Engagement Hours	Hourly Rates	Engagement Costs	Remaining Hours	Remaining Costs
Partners	-	\$-	\$-	-	\$-
Managers	-	-	-	-	-
Supervisory	-	-	-	-	-
Staff	-	-	-	-	-
Other (specify)	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Totals	-		\$-	-	\$-

Description	Incurred Hours	Incurred Costs	Previously Billed	Due Current Statement
Partners	-	\$-	\$-	\$-
Managers	-	-	-	-
Supervisory	-	-	-	-
Staff	-	-	-	-
Other (specify)	-	-	-	-
	-	-	-	-
	-	-	-	-
Totals	-	\$-	\$-	\$-